

March 2019



Fear and Loathing in Lean

Dear Drew,

During some recent discussions with several organizations that have been practicing Lean for multiple years, I encountered strong emotions of displeasure with Lean. Each expressed that members of the organization had negative opinions of Lean and the direction that the organization was heading. I asked, "How do you know this?" Each had conducted some form of engagement survey. By the way, I love that these organizations are measuring associate engagement. Lean is at its core a 'people centric' system. The objective of Lean is to create a culture of continuous improvement. In previous newsletters, I have described the conditions required to develop such a culture, including:

- An organizational commitment to the development of its team members in problem solving and process improvement skills
- A 'safe' environment created by leaders so that team members will be willing to practice continuous improvement
- An inspirational purpose for change
- Processes that allow team members to be engaged in Continuous Improvement, and in turn the organization

So, how could engagement scores significantly decrease after 3 - 4 years of practicing Lean, as occurred with these organizations? This is certainly not an outcome expected. The reasons varied among the organizations. Nonetheless there were some common themes, which I will share.

LEAN = Less Employees Are Needed

Two of the organizations, both interestingly in the service sector, described that their Lean efforts resulted in job loss. That is always an alarm for me. I asked what the discussion was before pursuing the Lean path with regard to the freed up capacity that often comes with the reduction in non-value-adding activities. I always ask organizations at the outset of discussions, "What will we do with freed up resources?" Each organization must have a response to this question, as it will most certainly arise. Is there a growth strategy in place, growth that will be met with existing resources? Can natural attrition be counted on? Can people be repurposed? The bottom line is you cannot ask people to improve their processes for the purpose of eliminating their jobs. There must be an answer to this question.

Both organizations conceded that they did not have an answer. Apparently, the consulting groups working with these organizations did not ask this important question. Now, I am not naïve to belief that outright. Perhaps it was the objective of these organizations all along to use 'Lean' as a headcount reduction methodology. They certainly wouldn't be the first or the last. However, they did contact me looking for advice, so I assumed the best of intentions. One organization admitted that up to 70% of the changes affected through Lean events were not sustained over time. Of course! Why would

people sustain changes that result in job loss? And certainly why would people feel engaged in an organization that takes this approach to Continuous Improvement?

What will these organizations do? Well, one is bringing in a big time consulting group, not really known for Lean, will re-brand the effort, and hope for the best. The other is still mulling it over.

Approach is Everything!

Another two organizations that experienced a decline in engagement scores had proper intent, but questionable deployment approaches. During our conversations it became apparent that the approach they took gave rise to not just resistance, but anger. Again, both were service organizations. Both had hired Lean practitioners with strictly manufacturing experience. They imposed tools and techniques on these organizations, with little or no adaptation. People understandably had questions about purpose and applicability of those tools and techniques. The Lean folks would typically respond with some form of, "This is how we did it in manufacturing." Frankly, this is not an adequate response, and unsurprisingly gave rise to negative feelings among associates about Lean.

I won't get into the details as I have addressed similar issues in our [February 2016](#) newsletter titled "Unlean Lean". Leave it to say, we don't apply Lean tools, because that is what we always do. We apply them to solve real problems. Further, my 35 years of experience has taught me, that you must adapt the concepts, at least somewhat, to the situation. Not to do so will lead to less than expected results, including upset people, much of which could have been avoided with a different approach.

What will these organizations do? They will try a 're-set' of the various concepts, and allow people some

flexibility. For example, they will allow changes in visual management systems to meet specific department needs. The hope is that this will be sufficient to undo the damage inflicted that resulted in a decline in engagement.

A Foundation of Trust is Necessary

In all cases there were significant issues of trust that arose. Some were created due to the approach taken. Clearly people will not trust leadership if they are using Lean to reduce headcount. Less obvious is the message that is sent to people when the organization does not allow flexibility in the application of the various Lean tools and techniques. There is an implied message that people are unable to figure out what works for them, even if given a starting point to work with, and assistance throughout. In other words, the organization does not trust its people. A fact is trust is a reciprocated emotion, it must be given to be received. One must exhibit trust in others in order to receive it from others in return. So, if leaders don't trust their team members, odds are their team members won't trust them.

Another company had a severe, pre-existing environment of mistrust. The engagement scores initially dropped upon the initiation of Lean. This was actually a positive thing, as people had admitted to providing false responses to the survey previously, out of fear of reprisal. The organization began getting more honest feedback, but again it was quite negative. Over time, the scores increased slightly, but not what would be expected. People continued to question leadership's purpose for Lean.

I have often said that the concepts we apply in Lean should help develop an environment of trust. The transparency that comes with visual management is one

example. The information that is shared with all associates through such systems should help. Managers practicing 'servant' leadership is another - leaders serving team members through quick and positive response to issues that arise. Improved communications and awareness, and greater leadership visibility that result from 'going to the gemba' should all contribute to a positive environment of trust. However, what I have learned is that not always can Lean concepts alone overcome strong pre-existing trust issues, at least not in a short period of time. Members of such organizations will exhibit a strong amount of skepticism that leaders are sincere in their desire to change past approaches. Leaders will really need to work hard to overcome this formidable obstacle.

Summary

First, it is important for all organizations to maintain a 'pulse' on the attitudes and opinions of their members. This can be accomplished by conducting periodic engagement surveys. More simply, I have had numerous organizations add simple visual indicators of the current mood of associates as part of their visual management systems. Team members can indicate with a 'happy face' or 'frowny face' their current demeanor. If displeased with something the visual indicator will trigger a conversation among team members and its leader. The manner by which an organization monitors the environment is irrelevant. What is important is that leaders maintain awareness, sensitivity, and respond accordingly when necessary.

When members exhibit emotions of fear, unease, and even anger, leaders must address them forthright. They cannot be left unattended, viewed as whining that can be ignored, or hope that they will magically disappear. They

should serve as a trigger for reflection - reflection on the approach taken to the Lean deployment to date. Important learning may result from such reflection, that can be used to adjust approach. This can include reinforcement of purpose, improved communications, greater leadership involvement, and other possible adjustments. For three decades, I have used a 'balanced stakeholder' model for the management system that I have espoused. Organizations must always balance the needs of Customers, Shareholders, and Associates, as well as the Community and Environment in which it operates. Most organizations have used Lean to improve its capabilities in meeting the needs of customers, as well as its financial performance. Sometimes overlooked are the Associate stakeholders. If this is the case, an organization is not properly practicing Lean.

So, listen to your associate stakeholder, truly and sincerely listen. If you hear symptoms of 'fear and loathing', then take that as a signal to deeply reflect on your Lean journey. It may be in need of a course correction.

Best Regards

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